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NEA FOR FRONT OFFICE AND IPA; NSC FOR ABRAMS/DORAN/LOGGERFO

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TAGS: [PREL](#) [KPAL](#) [KWBG](#)  
SUBJECT: AL-KIDWA ON FINANCES, HAMAS, OLMERT, AND  
INTERNATIONAL REPRESENTATION

REF: A. JERUSALEM 1917

[1](#)B. EMAIL: WILLIAMS/WILLIAMS/WALLES 15 MAY 06

Classified By: Consul General Jake Walles. Reasons: 1.4 (b) and (d)

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Summary  
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[1](#)1. (C) In May 16 meeting with the Consul General, newly appointed presidential advisor for diplomatic and political affairs Nasser al-Kidwa pushed for immediate release of money in Arab League accounts. He said Hamas had discussed the idea of a NUG with Abu Mazen, who had warned that any government that did not accept Quartet requirements would not be successful. On the upcoming Olmert trip, al-Kidwa advised the US to make statements of support for the Palestinians similar to those articulated during Abu Mazen's last visit to Washington. Al-Kidwa said Abu Mazen would represent the Palestinians at the UNGA and offered a formula in which Sa'eb Erekat would be the Palestinian representative at the upcoming BMENA Education Ministerial in place of a Hamas minister.

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New Position  
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[1](#)2. (C) Al-Kidwa described his new position as presidential advisor for diplomatic and political affairs. He expressed concern about the appearance of a parallel government, and about the number of advisors proliferating in the Office of the President. He characterized his assistance as help "for the time being" and focused on PLO embassies. (Comment: al-Kidwa commented on the appointment of Rawhi Fattouh as the Personal Representative of President Abbas (Abu Mazen) with standard praise, leaving the impression that he thought himself a better choice. End comment).

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Financing the PA  
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[1](#)3. (C) Al-Kidwa said that financing for the Office for the President is urgently needed and that Abu Mazen is asking donors for support. Al-Kidwa asked for US assistance in assuring possible donors (singling out the Spanish and Norwegians) that such donations are permissible. Al-Kidwa argued strongly for immediate release of the funds in Arab League accounts in Cairo, saying it is one thing for the international community to discourage donors from giving, but something completely different for members of the

international community (i.e., the US) to block the disbursement of money that had already been donated. He said that only \$55 million is present in the accounts and estimated that Hamas would only be able to collect only another \$50 million in the future. Given current PA operating costs, he estimated that even a complete transfer would not significantly assist Hamas and might be worth it in terms of changing the public debate.

14. (C) Consul General reiterated the US position on the need for any Palestinian government to adhere to the requirements set out by the Quartet. He stressed our preference for an international mechanism that would allow Israel to transfer clearance revenues, and our opposition to the payment of salaries. He explained that, ideally, all incoming money - from Europe, the Gulf, and Israel - would be handled through this mechanism. Al-Kidwa disagreed with the idea of a single channel, asking rhetorically whether this was the first move to "trusteeship?" He said that Arab states, in particular, would be unlikely to participate in this type of fund, and that they were likely to point to their donations emanating from Arab League requirements as a reason.

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Dealing with Hamas  
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15. (C) Al-Kidwa thought the Hamas government could continue for another one-to-two months before reaching a crisis point. He said part of his work with the Presidency now involves the articulation of "solid arguments" against Hamas. Al-Kidwa spoke of the need for a "real National Unity Government" (NUG), one with a political program and government negotiated and agreed upon by all factions. On the "minus side," he observed that any such government would inevitably include Hamas figures. On the "plus side," he

noted that any successful effort would be blessed by a Palestinian Legislative Council (PLC), and would represent a significant change.

16. (C) Al-Kidwa related that Abu Mazen had discussed a NUG with the Hamas leadership in Gaza, and warned them that such a government would not be successful -- even with technocrats -- if it did not make the necessary policy changes, including acceptance of Quartet conditions. Al-Kidwa commented that he did not believe a "technocratic" government would work: he did not know where the necessary technocrats could be found, he did not think such a government would be allowed to accomplish much, and he observed that the formation of such a government would allow Hamas to avoid making the necessary decisions for change. Al-Kidwa said these ideas would be discussed during the National Dialogue scheduled to be held May 23-24. He also said the National Accord Document produced by leading Palestinian prisoners (ref (a)) would be on the agenda. Al-Kidwa said the prisoner's initiative had several positive elements; Consul General agreed, but pointed out that it still did not meet the Quartet's requirements.

17. (C) Al-Kidwa said the "buzz" among the Palestinian political community posited two alternative explanations regarding US policy towards Hamas:

-- The US is ready, in some respects, to deal with all incarnations of the Muslim Brotherhood -- including Hamas -- as a strategic hedge against the role of Osama bin Laden and other Islamic fanatics; or:

-- The US wants Hamas to fail, "period," because of interests in the region and concern about the Muslim Brotherhood coming to power as a substitute for existing governments.

Consul General pointed out in response that Hamas is a terrorist organization that has killed Americans, and this strongly influenced our view of the movement.

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## Olmert's Trip

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18. (C) Al-Kidwa said the upcoming trip by Israeli PM Olmert to the United States would be closely watched by Palestinians. US views regarding unilateral disengagement and "final borders" would receive extra scrutiny. He predicted that, if President Bush were to formulate his message along the lines of his public remarks during Abu Mazen's visit last year to Washington, then Palestinian and Arab audiences could come away with a positive message. If, however, the US signals that it could live with Israeli ideas on unilateral disengagement and final borders, then a bad situation could become much worse. Consul General expressed his understanding, but also cautioned al-Kidwa that Olmert is likely to receive a very positive reception upon his first trip to the United States as Israeli Prime Minister.

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## Representation at International Meetings

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19. (C) Consul General raised the issue of Palestinian attendance at international fora such as the UNGA and the upcoming May 23-34 BMENA meeting to be held in conjunction with the World Economic Forum (WEF). Al-Kidwa said the UNGA was "easy" and that he expected Abu Mazen to represent the Palestinians.

10. (C) Regarding the BMENA meeting, al-Kidwa said that Abu Mazen had already taken care of the issue of Palestinian representation at the Sharm al-Shaykh WEF meeting, with the assistance of the Egyptians. While FM Zahar had sought an invitation, Abu Mazen instead decided to attend himself, along with PLO Chief Negotiator Sa'eb Erekat. Al-Kidwa suggested that the Palestinians treat the BMENA meeting as an offshoot of the WEF meeting, and use the same delegation, perhaps having ex-professor Erekat attend the Education Ministerial. Al-Kidwa said he would check on the matter, and in the meantime suggested that we work with the Government of Egypt to ensure no Hamas attendance.

WALLES